GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:5138
ANSWERED ON:25.08.2000
PRIVATISATION OF PSUS
LAKSHMAN CHANDRA SETH

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have decided to go for second generation of economic reforms i.e. privatisation of almost all public sector enterprises without having a comprehensive review of the impact of first generation of economic reforms;

(b) if so, the details thereof; and

(c) the time by which the Government will come out with a comprehensive review of the impact of the first generation of reforms?

Answer

Minister of State of the Department of Disinvestment (Shri Arun Shourie)

(a) & (b) No, Sir. It is not correct to state that the Government has decided to privatize almost all the Public Sector Enterprises.For the purpose of disinvestment Government has obtained the recommendations of the Disinvestment Commission in only 58 Public Sector Companies. In addition to the above, in 25 companies under the administrative control of Department of Heavy Industry, the Government has taken in principle decision to form joint ventures. In three other companies disinvestment is being undertaken because of the advice of expert bodies being available to the Government or for the reasons that the decision to disinvest in the companies was taken before the constitution of the Disinvestment Commission. Out of the 58 companies where recommendations of the Disinvestment Commission are available, in 12 cases the recommendations are for no disinvestment for the present. Even in other cases, disinvestment would not necessarily result in privatization because the dilution of Government equity would not involve transfer of management and ownership of the company in all cases.

(c) The assessment of the impact of the reform measures undertaken by the Government is a continuous process.Disinvestment program, being a part of the economic reform measures was initiated in the year 1991-92. The present disinvestment policy has evolved over the period of time after taking into account the experience gained at each stage in the evolution.